

State of Alaska FY2003 Governor's Operating Budget

Department of Transportation/Public Facilities Administrative Services Budget Request Unit Budget Summary

Administrative Services Budget Request Unit

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BRU Mission

The mission of the Division of Administrative Services is to support the department's operations with quality administration and information technology.

BRU Services Provided

- Provides centralized services in the areas of personnel and payroll, internal equal employment reporting for federal programs, budget, finance, cost allocation plans, collection of federal and other revenue.
 - Development of policies and procedures.
 - Oversight of the State Equipment Fleet and Highway Working Capital Fund.
 - Liaison between DOTPF and the Dept. of Administration for financial, personnel, payroll, and information technology directives.
 - Liaison between the Office of Management and Budget and the Legislature relating to budget issues.
 - Funds the day-to-day operational support for the department in 85 locations throughout the state.
- Provides and maintains essential information technologies supporting the department's mission.

BRU Goals and Strategies

Provide administrative and technological support that results in the most efficient delivery of department services to the public.

- Balance changes that reduce cost against the risks of errors and the ultimate impact on the public.
- Collect federal reimbursements as soon as possible.
- Reduce department exposure to liability lawsuits and grievances by providing guidance to personnel at the region and division level.
- In consultation with the Department of Administration, study payroll processes to identify areas needing improvement.
- Maintain the position classification function in a cost-effective manner in accordance with State of Alaska merit system principles.
- Bill, collect, and post landing fees for rural airports to assure uninterrupted air service to rural communities.
- Audit ferry terminal sales reports and collect credit card generated revenues.
- Plan, implement, and maintain software applications and information technology infrastructure which support statewide department functions.
- Provide and maintain quality local area network, desktop, application support and training.
- Develop and implement an apprentice program to assure continued delivery of safe and secure services to the travelling public.

Key BRU Issues for FY2002 – 2003

The Division will continue to analyze services it provides in an effort to find the most efficient and effective methods of service delivery. Areas currently under review, or in initial stages of implementation include an automated system to streamline timesheet processing, improved financial monitoring of capital projects, improvements to the federal project closure process, and implement a pilot project to pay contractors electronically.

Assistance to division managers continues to be difficult when facing increasing federal construction programs, no increase in administrative staff, increased reliance on contracted services, continually changing technology, changing administrative rules for federal indirect cost participation, and decreasing general fund support.

The Governmental Accounting Standards Board statement No. 34 adopted in June 1999 requires the reporting of infrastructure in the state's annual financial reports. Decisions need to be made and implementation plans formulated to meet this reporting requirement. Requirement analysis is needed to determine what data and systems currently exist

that can be used to meet these requirements. Finally, a process should be developed for documenting and reporting the costs of infrastructure assets.

The Federal Aviation Administration (FAA) has developed new policies that require 90% of all Airport Improvement (AIP) projects over four years old to be closed or new grant funds will be withheld from the state. Review and improvement of closure processes is necessary not just to assure compliance with FAA, but for prompt closure of all construction projects. A task force developed recommendations to improve the closure process. Extra effort will be needed

Major BRU Accomplishments in 2001

- Received no audit findings from the Office of the Inspector General upon completion of their review of department accounting for the AIP funded through FAA.
- Assisted regional project control offices with the closure of 90% of all FAA grants over four years old.
- Successfully incorporated recommended standard project coding costing the department's Indirect Cost Allocation Plan for FY01 developed in FY01.
- Converted Alaska Marine Highway System (AMHS) Vessel Employee Leave Accrual processing to AKPAY (State payroll system).
- Established a task force that identified and implemented recommendations to improve the closing Capital Improvement Projects.
- Trained department employees on the new rules governing indirect costs under the fully implemented and approved OMB Circular A-87 compliant plan.
- Received FHWA approval of Internal Annual Assurances/Affirmative Action Plan with no findings.
- Successfully tested electronic payments to contractors and other large vendors.
- Implemented and tested new taxable travel compensation system.
- Implemented a consolidated server and a new licensing strategy for the Oracle relational database management system.
- Implemented an email capability on each AMHS vessel and provided for email delivery when near a wireless bridge.
- Assisted in the creation of the RFP, vendor testing, vendor selection, and vendor negotiations for the Maintenance Management System.

Key Performance Measures for FY2003

Measure:

Maintain the average time for payment to vendors at 29 days or less
Sec 142(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Over the past three years the department has maintained an average of 24 days to pay vendors. Through the first quarter of FY02 the department is continuing to maintain a 24 day average for processing invoices.

Benchmark Comparisons:

A.S. 37.05.285 states, "Payment for purchases of goods or services provided a state agency shall be made by a required date that is 30 days after receipt of a proper billing for the amount of the payment due, if a date on which payment is due is not established by contract and if the billing contains or is accompanied by documents required by the contract or purchase order."

Background and Strategies:

During FY01, the department processed an average of 11,712 invoices at \$6,014 per invoice each month. Over that time period the department processed payments within 24 days. The complexities of the invoices being processed vary from basic monthly maintenance contracts to construction related progress payments. The ability to make payments on contracts require appropriate sign-offs by project engineers and managers indicating satisfactory completion of tasks. Additionally, invoices must be approved regarding adequate budgetary authority. Payment

delays can be caused by the many hand-offs that occur receiving approvals, mail time between offices, errors in the invoice, errors in account coding, and inadequate funding levels.

The number of administrative staff continues to stay static or be reduced and the volume of accounting activity is increasing due to larger federal programs. Because of this, the department is constantly looking for methods to improve the processing of payments. Peer groups continue to meet to identify areas of improvement such as utility payments.

Recently the department has implemented the use of purchasing cards (P-Card). This allows the purchase of small dollar supply items with a credit card. This reduces the number of warrants issued since only a single warrant is needed for the credit card company. In FY01 5,600 invoices were paid using P-Card. Credit cards are also used for travel related expenditures.

Also, within the past few months the department has begun paying construction contractors through electronic deposit (EDI). So far there are 25 vendors signed up to receive payments through EDI and 48 payments have been processed in the past month using EDI.

Measure:

The percentage reduction in payroll calculation errors.
Sec 142(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The Division began tracking the extent of payroll calculation error rates and their causes in January 2001. Prior to that we had no information on the level of errors or what was driving rejection of payroll batches. Data is still not adequate to determine what our target should be. The incomplete data currently shows the Department error rate at 1.9% based on errors per number of payroll warrants issued. Of that rate, 1.26% is related to avoidable errors. It is evident in this short data collection period that the prevalent area of errors is in data entry.

Benchmark Comparisons:

We are not aware of any state comparisons that are available.

Background and Strategies:

The department has anywhere from 2,700 to 3,200 employees at any given time. These employees are covered by eight different bargaining units, including three marine unions. The complexities involved with calculating payroll are increased even more depending on such factors as which vessel an employee is located and their working status. Time constraints, shortage of staff due to budget reductions, illness or vacations, changing union agreements, and general staff turnover contribute to a potentially high error rate.

The department is always looking at methods to improve the delivery of services. The division, in collaboration with the Department of Administration, Division of Finance, is analyzing payroll processes in an effort to streamline payroll processing and reduce error rates. Meetings to discuss development of an electronic timesheet are moving forward. Streamlining payroll processes will take time and resources to implement.

Administrative Services
BRU Financial Summary by Component

All dollars in thousands

	General Funds	FY2001 Actuals Federal Funds	Other Funds	Total Funds	General Funds	FY2002 Authorized Federal Funds	Other Funds	Total Funds	General Funds	FY2003 Governor Federal Funds	Other Funds	Total Funds
<u>Formula</u>												
<u>Expenditures</u>												
None.												
<u>Non-Formula</u>												
<u>Expenditures</u>												
Statewide Admin Services	1,133.7	0.0	629.2	1,762.9	1,131.4	0.0	617.2	1,748.6	1,213.6	0.0	721.5	1,935.1
Statewide Information Systems	1,321.4	0.0	596.4	1,917.8	1,179.2	0.0	623.3	1,802.5	1,195.9	0.0	786.6	1,982.5
State Equipment Fleet Admin	0.0	0.0	2,392.5	2,392.5	0.0	0.0	2,356.0	2,356.0	0.0	0.0	2,628.1	2,628.1
Regional Admin Services	1,470.0	0.0	2,069.1	3,539.1	1,592.6	0.0	1,957.0	3,549.6	1,636.9	0.0	2,065.5	3,702.4
Totals	3,925.1	0.0	5,687.2	9,612.3	3,903.2	0.0	5,553.5	9,456.7	4,046.4	0.0	6,201.7	10,248.1

Administrative Services**Proposed Changes in Levels of Service for FY2003**

The work being done by department employees have inherent safety risks whether on our roadways, airports, vessels, harbors or facilities. Each year DOT&PF spends approximately \$2 million in workers compensation claims. The department pays other costs related to motor vehicle accidents/claims. We need to closely examine these risks, emphasize safety in the workplace and make changes in the way we do business to minimize risk. A safety officer for the department will provide direction and coordinate an appropriate safety program to deal with these issues.

Administrative Services**Summary of BRU Budget Changes by Component****From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	3,903.2	0.0	5,553.5	9,456.7
Adjustments which will continue current level of service:				
-Statewide Admin Services	30.1	0.0	17.2	47.3
-Statewide Information Systems	16.7	0.0	13.1	29.8
-State Equipment Fleet Admin	0.0	0.0	22.1	22.1
-Regional Admin Services	44.3	0.0	59.2	103.5
Proposed budget increases:				
-Statewide Admin Services	52.1	0.0	87.1	139.2
-Statewide Information Systems	0.0	0.0	150.2	150.2
-State Equipment Fleet Admin	0.0	0.0	250.0	250.0
-Regional Admin Services	0.0	0.0	49.3	49.3
FY2003 Governor	4,046.4	0.0	6,201.7	10,248.1